

§ 101-37.203

agencies must accumulate their aircraft program cost into the standard aircraft program cost elements specified in § 101-37.201.

§ 101-37.203 [Reserved]

§ 101-37.204 Operations cost recovery methods.

Under 31 U.S.C. 1535, and various acts appropriating funds or establishing working funds to operate aircraft, agencies are generally required to recover the costs of operating all aircraft in support of other agencies and other governments. Depending on the statutory authorities under which its aircraft were obtained or are operated, agencies may use either of two methods for establishing the rates charged for using their aircraft; full cost recovery rate or the variable cost recovery rate.

(a) The full cost recovery rate for an aircraft is the sum of the variable and fixed cost rates for that aircraft. The computation of the variable cost rate for an aircraft is described in § 101-37.304. The fixed cost recovery rate for an aircraft or aircraft type is computed as follows:

(1) Accumulate the fixed costs listed in § 101-37.201(b) that are directly attributable to the aircraft or aircraft type. These costs should be taken from the agency's accounting system.

(2) Adjust the total fixed cost for inflation and for any known upcoming cost changes to project the new fixed total costs. The inflation factor used should conform to the provisions of OMB Circular A-76.

(3) Allocate operations and administrative overhead costs to the aircraft based on the percentage of total aircraft program flying hours attributable to that aircraft or aircraft type.

(4) Compute a fixed cost recovery rate for the aircraft by dividing the sum of the projected directly attributable fixed costs, adjusted for inflation, from paragraph (a)(2) of this section and the allocated fixed costs from paragraph (a)(3) of this section by the annual flying hours projected for the aircraft.

(b) The variable cost recovery rate is the total variable cost rate of operating an aircraft described in § 101-

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37.304. If an agency decides to base the charge for using its aircraft solely on this rate, it must recover the fixed costs of those aircraft from the appropriations which support the mission for which the procurement of the aircraft was justified. In such cases, the fixed cost recovery rate may be expressed on an annual, monthly, or flying hour basis.

(c) To compute the full cost recovery rate of using a Government aircraft for a trip, add the variable cost recovery rate for the aircraft or aircraft type to the corresponding fixed cost recovery rate and multiply this sum by the estimated number of flying hours for the trip using the proposed aircraft.

§ 101-37.205 Aircraft program cost effectiveness.

Although cost data are not the only measures of the effectiveness of an agency's aircraft program, they can be useful in identifying opportunities to reduce aircraft operational costs. These opportunities include changing maintenance practices, purchasing fuel at lower costs, and the replacement of old, inefficient aircraft with aircraft that are more fuel efficient and have lower operation and maintenance costs. The most common measures used to evaluate the cost effectiveness of various aspects of an aircraft program are expressed as the cost per flying hour or per passenger mile (one passenger flying one mile). These measures may be developed using the standard aircraft program cost elements (see § 101-37.201) and include, but are not limited to: maintenance costs/flying hours, fuel and other fluids/flying hours, and variable cost/passenger mile. GSA will coordinate the development of other specific cost-effectiveness measures with the appropriate Interagency Committee for Aviation Policy subcommittees (ICAP).

(a) *Maintenance costs per flying hour.* Maintenance costs per flying hour identifies on an aggregate basis relative cost effectiveness of maintenance alternatives. This measure is among those necessary to identify and justify procurement of less costly aircraft.

(b) *Fuel and other fluids cost per flying hour.* Fuel per flying hour identifies

the relative fuel efficiency of an individual aircraft. The measure identifies the requirement to replace inefficient engines or to eliminate fuel inefficient aircraft from the fleet.

(c) *Crew costs-fixed per flying hour.* When based on the total fixed crew costs and flying hours, can be used to determine the impact of crew utilization on overall operating costs; can also be used to compare crew utilization and salary levels among different agency or bureau aircraft programs.

(d) *Operations overhead per flying hour.* Operations overhead may be used on an aggregate basis (i.e., total operations overhead expenditures divided by hours flown) to compare the overhead activities in direct support of aircraft operations among agencies or bureaus. This factor can indicate excess overhead support costs.

(e) *Administrative overhead per flying hour.* Administrative overhead may be used on an aggregate basis (i.e., total administrative overhead divided by hours flown) to compare the level of administrative support to other agencies and bureaus.

Subpart 101-37.3—Cost Comparisons for Acquiring and Using Aircraft

SOURCE: 60 FR 3552, Jan. 18, 1995, unless otherwise noted.

§ 101-37.300 General.

The provisions of this subpart prescribe policies and procedures for conducting cost comparisons for the acquisition, use, or lease of aircraft. This subpart incorporates selected provisions of OMB Circulars A-76 and A-126.

§ 101-37.301 Applicability.

This subpart applies to all agencies in the executive branch of the Federal Government. It does not apply to the United States Postal Service, to the Government of the District of Columbia, or to non-Federal organizations receiving Federal loans, contracts, or grants.

§§ 101-37.302—101-37.303 [Reserved]

§ 101-37.304 Variable cost rate.

For the purpose of comparing costs (Government, commercial charter, and airline) associated with passenger transportation flights, as required by § 101-37.406, the agency should develop a variable cost rate for each aircraft or aircraft type as follows:

(a) Accumulate or allocate to the aircraft or aircraft type all historical costs, for the previous 12 months, grouped under the variable cost category defined in § 101-37.201. These costs should be obtained from the agency's accounting system.

(b) Adjust the historical variable costs for inflation and for any known upcoming cost changes to determine the projected variable cost. The inflation factor used should conform to the provisions of OMB Circular A-76.

(c) Divide the projected variable cost of the aircraft or aircraft type by the projected annual flying hours for the aircraft or aircraft type to compute the variable cost rate (per flying hour).

(d) To compute the variable cost for a proposed trip, multiply the variable cost rate by the estimated number of flying hours for the trip. The number of flying hours should include:

(1) If no follow-up trip is scheduled, all time required to position the aircraft to begin the trip and to return the aircraft to its normal base of operations.

(2) If a follow-on trip requires repositioning, the cost for repositioning should be charged to the associated follow-on trip.

(3) If an aircraft supports a multi-leg trip (a series of flights scheduled sequentially), the use of the aircraft for the total trip may be justified by comparing the total variable cost of the entire trip to the commercial aircraft cost (including charter) for all legs of the trip.

§ 101-37.305 Acquisition and management.

(a) The number and size of aircraft acquired by an agency and the capacity of those aircraft to carry passengers and cargo shall not exceed the level